

E. Column 6: The cost entered to Column 5 shall be analyzed to identify the direct and indirect ancillary cost portions as defined in the general policies and principles. The direct ancillary cost shall be entered to Column 6.

F. Column 7

1. This column is to report the indirect ancillary portion (as defined in the general policies and principles) of the amount entered to Column 5. Subtract Column 6 from Column 5 and enter the difference.
2. Lines 11, 20, 29, 41, 50, 59, and 66 shall be completed by Hospital-Based Providers only. The purpose of these lines is to compute each ancillary cost center's share of plant operations and maintenance, housekeeping and capital costs. The Column 7 amounts are derived by multiplying the appropriate Hospital Ancillary Square Foot Percentage (Schedule F, Statistic B, Column 4) by the amount on Schedule D-4, Line 24, Column 9.

G. Column 8: This column is used for reporting the Certified Nursing Facility's share of indirect cost. For each ancillary cost center, multiply the appropriate CNF Ancillary Charge Percentage (Schedule F, Statistic D, Column 3) times the amounts reported in Column 7 to arrive at the correct amounts for Column 8.

811. SCHEDULE D-6 - RECLASSIFICATIONS OF EXPENSES:

This work sheet provides for the reclassifications of certain amounts necessary to effect proper cost allocation under cost finding. All providers that do not direct cost payroll fringe benefits to individual cost centers shall use this schedule to allocate fringe benefits to the various cost centers. Fringe benefits shall be reclassified to individual cost centers on the ratio of the salaries unless another, more accurate and documentable method can be determined. The reclassification to each cost center shall be entered to the appropriate Schedule D-1 through D-5 line titled "Employee Benefits Reclassification."

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Page 811.01

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812. SCHEDULE D-7 - ADJUSTMENTS TO EXPENSES:

This schedule details the adjustments to the expenses listed on Schedules D-1 through D-5, column 4. Line descriptions indicate the nature of activities which affect allowable costs as defined in this manual or result in costs incurred for reasons other than patient care, and thus require adjustment. Lines 22 through 52 are provided for other adjustments not specified earlier. A brief description shall be provided.

The adjusted amount entered in Schedule D-7, column 3, shall be noted "A" in Schedule D-7, column 2, when the adjustment is based on costs. When costs are not determinable, "B" shall be entered in column 2 to indicate that the revenue received for the service is the basis for the adjustment.

813. SCHEDULE E - ANCILLARY SETTLEMENT

This schedule is designed to determine the Medicaid share of direct and indirect ancillary costs.

- A. Column 2 - Enter direct ancillary cost for each ancillary cost center from Schedule D-5, Column 6.
- B. Column 3 - Multiply the direct costs (Column 2) by the corresponding Medicaid charge percentages (Schedule F, Section D, Column 5, Lines 1 through 7).
- C. Column 4 - Enter the total amount received from the Program (including any amount receivable from the Program at the report date) for ancillary services rendered to KMAP CNF beneficiaries during the period covered by the cost report.
- D. Column 5 - Subtract the Column 5 amount from the Column 4 amount and enter the difference in Column 6.

814. SCHEDULE F - ALLOCATION STATISTICS:

A. Section A - Nursing Hours or Salaries

This allocation statistic shall be used as the basis for allocating the line item costs reported to Schedule D-1, Lines 1-33; Schedule D-2, Lines 1-30; and D-3, Lines 57-130 which cannot be direct costed to the levels of care. The allocation statistic may be based on the ratio of direct cost of nursing salaries, the ratio of direct nursing hours, a valid time study (as defined by the Program), another method which has been approved by the Program, or, if no other reasonable basis can be determined, patient days. The computation of this statistic shall account for the direct salary costs associated with all material non-certified nursing activities of the facility (such as adult day care or home health services, for example). The computed statistic shall be reasonable and based on documented data. The method used in arriving at the allocation shall be identified at the appropriate place on Schedule F, Ratio A.

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For Hospital Based Facilities only: The salary costs of all departments and services of the hospital, including all ancillary departments as defined in the general policies and principles of KMAP, shall be included in the calculation of this statistic. Allocations of costs between CNF and acute cost centers on the basis of patient days will be accepted only when the resulting allocation statistic can be documented and shown to be reasonable.

1. Line 1: Enter the Certified Nursing Facility figure (i.e. salaries or direct hours)
2. Line 2: Enter the "Other" nursing and direct service figure (i.e. salaries or direct hours)
3. Line 3: Divide Line 1 by the sum of Lines 1 and 2 and enter the percentage on Line 3. The percentage shall be carried out to four decimal places (i.e. XX.XXXX%).

4. NOTE: If salary cost figures are used in computing this allocation statistic, the amounts entered to Lines 1 and 2 shall usually agree to entries on the salary lines of Schedule D-1. If the Schedule F, Ratio A salary figures do not agree to Schedule D-1 salary lines, providers shall review both schedules to ensure that both schedules are correct. The provider shall be able to reconcile Schedule F, Ratio A to Schedule D-1 salary lines upon request.

B. Section B - Square Footage

1. Free standing facilities shall only complete Columns 1 and 2 of this section. Hospital facilities shall complete all four columns.
- a. Column 1, Lines 1-10. Enter the square feet in each applicable area of the facility. Direct patient room areas shall be allocated between Certified Nursing Facility and "Other"

(PC, Non-certified, Acute, etc.). General patient areas, such as hallways, nursing stations, lounges, etc., which are utilized 100% by one level of care shall be directly allocated to the appropriate cost center. General patient areas used by more than one level of care and general service departments (administrator offices, dietary areas, etc.) shall be allocated between levels of care based on the ratio of Certified Nursing Facility room square footage to total room square footage. In free standing facilities, ancillary departments shall be considered general service departments and allocated to levels of care. In Hospital-Based facilities, direct ancillary square footage shall be entered on Lines 3 through 8.

- b. Column 2, Lines 1-10. Percentages in Column 2 shall be derived by dividing Column 1, Lines 1 through 9, by Line 10 of Column 1. Line 10 shall be the sum of Lines 1 through 9 and should equal 100.0000%.
2. Columns 3 and 4 shall only be completed by Hospital-Based Facilities. These two columns compute allocation factors to allocate the indirect ancillary costs allocated to the pooled ancillaries in Column 9 of Schedules D-3 and D-4 to the individual ancillary cost centers on Schedule D-5.
- a. Column 3, Lines 3-9: The entries to these lines shall be identical to the entries on the same line number of Ratio B, Column 1.
- b. Column 3, Line 10: The entry to this line shall be the sum of the entries to Lines 3-9.